

Practitioner Utilization: Trends Within Privately Insured Patients 2000-2001

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March 18, 2003

Outline of Presentation

- Goals of the analysis
- Data, methods, and caveats
- Summary of findings from last year's report
- Trends in spending, volume of care
- Level and trend in private payment rates
- Three current policy topics
- Conclusions

Goals of the Analysis

- Measure use of practitioner services
 - Physicians and non-physician practitioners
 - For under-65, privately-insured MD residents
- Track trends
 - Total spending and volume of care
 - Fee level (price per service)
- Introduce policy topics
 - 125% HMO payment floor
 - Fees, physicians vs. other practitioners

Data and Methods

- Maryland Medical Care Database (MCDB)
- Private insurers' claims and encounter data
- Practitioner services only (mainly physicians)
- Extensive edits
- Caveats remain, even after edits
- $\text{Payment} = \text{insurers' payment} + \text{out-of-pocket}$
- Medicare relative value units (RVUs)
- Calculate average payment, payment trend

Summary of Last Year's Report

- Data from 1999 - 2000
- Private fees averaged 5% above Medicare
 - Private rates below Medicare for visits
 - Private rates above Medicare for other services
- Average HMO, non-HMO fees were similar
- Private rates were stable (no inflation)
- Quantity of care grew about 10%
- Highest growth in imaging, hospital OPD

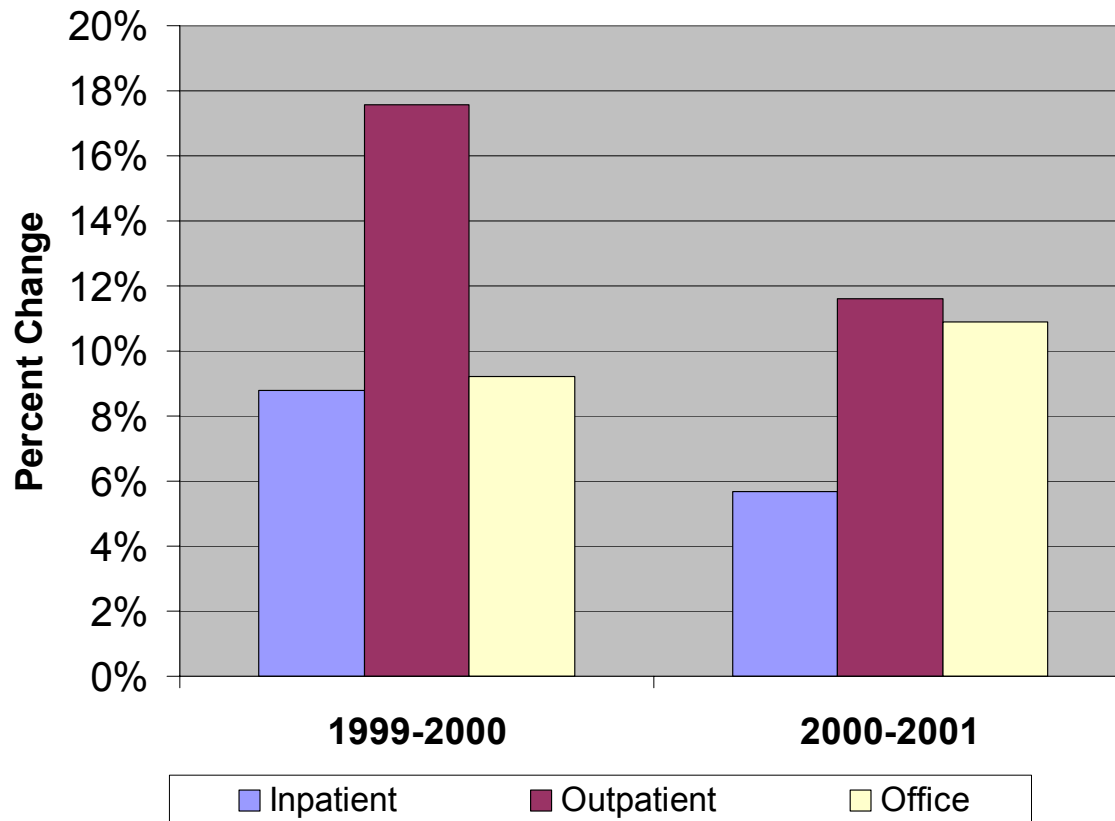
Changes in Spending and Volume of Care, 2000-2001

Growth in Volume of Practitioner Services, 2000-2001

- Total spending or volume increase
 - Non-HMO: 16% increase in spending
 - HMO: 7% increase in volume (RVUs)
- HMO/non-HMO reflects enrollment shifts
- Show combined volume-of-service (HMO and non-HMO) on next slides

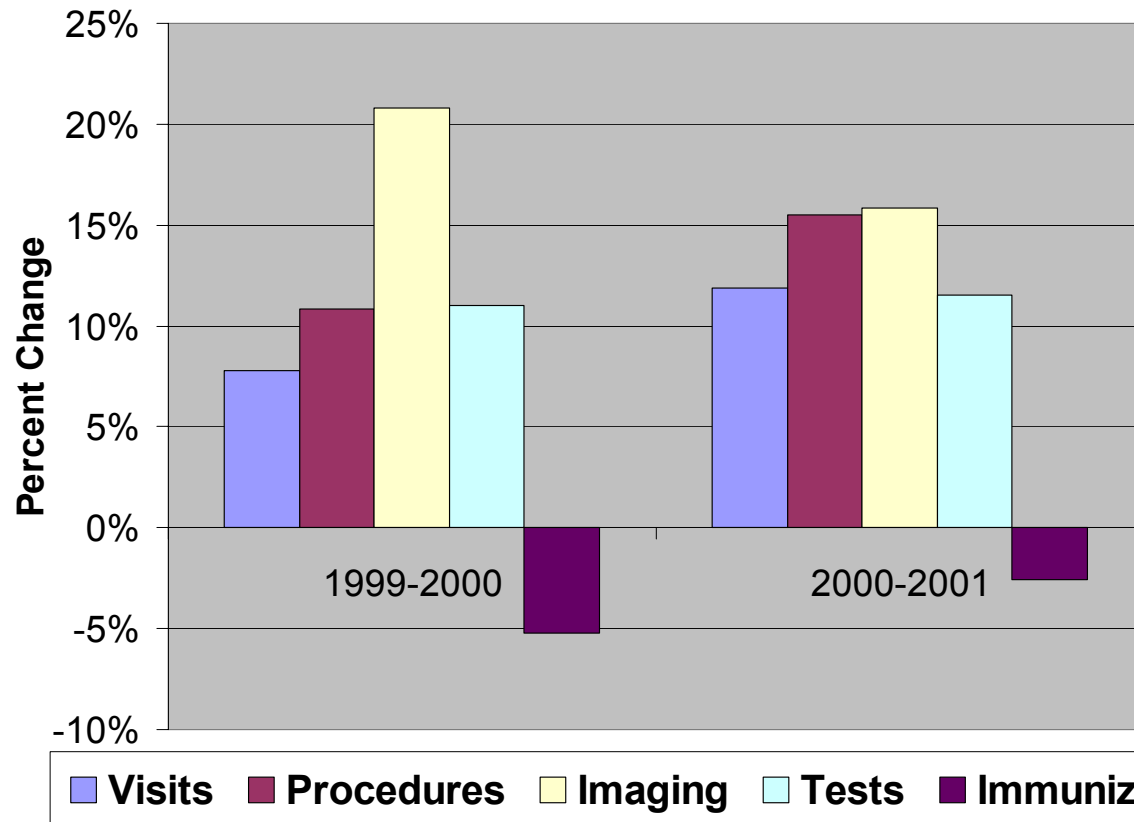
Growth Was Broad-Based (1)

Growth in RVUs, All Plans, by Place of Service



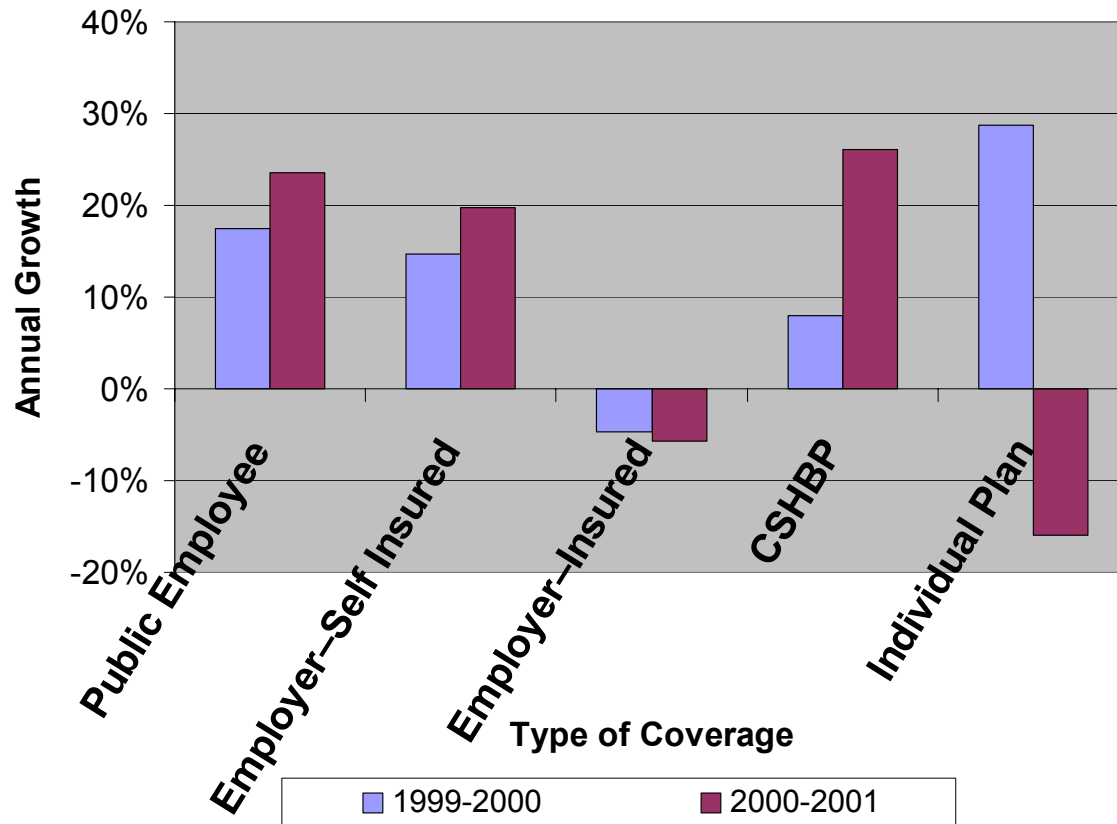
Growth Was Broad Based (2)

Growth in RVUs, All Plans, by Type of Service



Self-Insured Coverage Continued to Grow

Growth of Volume of Care by Coverage Type, 1999-2000 and 2000-2001



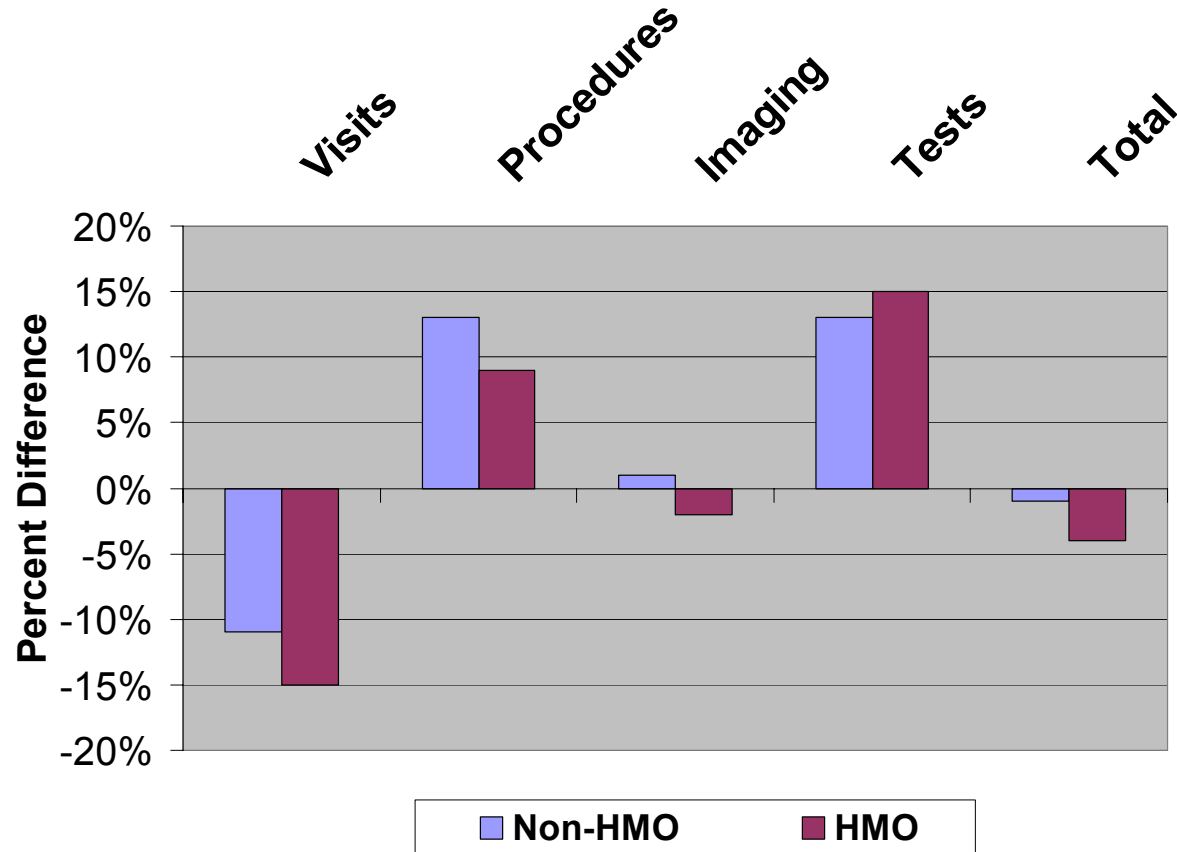
Payment Rates in Private Plans and Medicare

Payment Rates: Methods

- Average payment per RVU
- Claims data only (no capitated data)
 - Non-HMO plans, all services
 - HMO plans, fee-for-service data only
- Compare \$/RVU to Medicare rate
- Then, calculate private trends without reference to Medicare RVUs

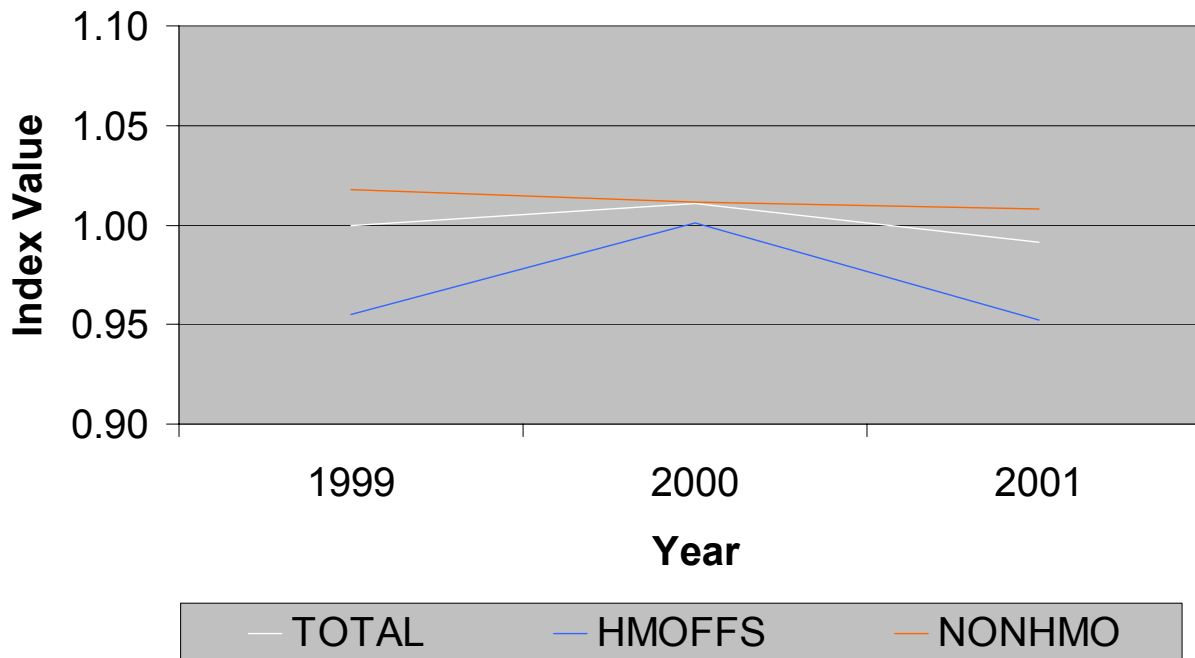
HMO, non-HMO Plans Have Similar Rate Structure vis-a-vis Medicare

Private Plan Payment Rates Compared to Medicare as Baseline, 2001



Fee Level Almost Unchanged from 1999, HMO Rates Below Non-HMO

Trends in Level of Fees (1999 All-Plans Average = 1.00)



Policy Topics

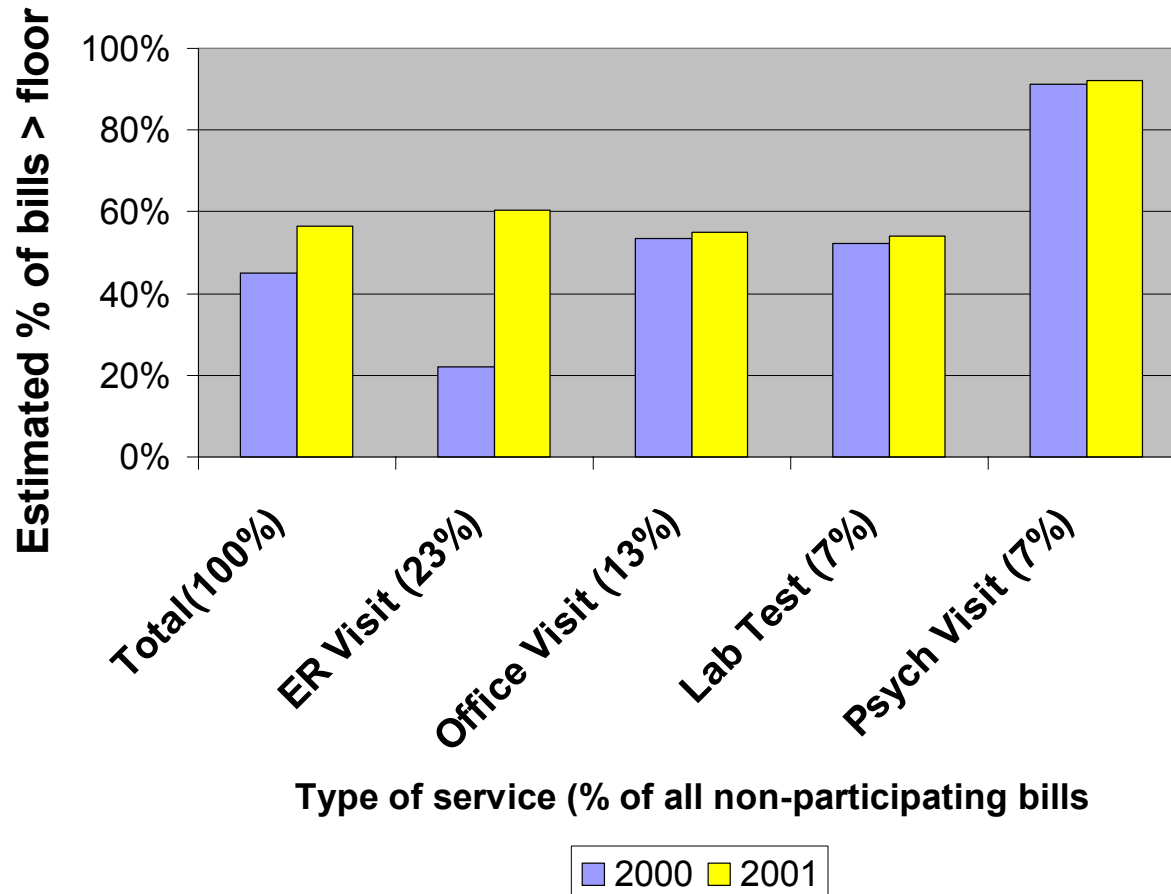
- HMO payments to non-contract physicians
- Payment differences between physicians and non-physician practitioners
- Adequacy of private payment and payment compared to “the cost of care”

HMO Payment to Non-Contracting Providers: Issue

- Maryland requires HMO payments to non-contract providers to meet certain standards
- 2000, Senate Bill 405
 - at least 125% of rate paid to contract providers
- 2002, House Bill 805:
 - greater of:
 - 125% of rate paid to contract providers
 - Removed sunset provisions
 - (140% of Medicare for trauma physicians)

Apparent Compliance with 125% Floor Improved 2000-2001

Estimated Percent of HMO Non-Contract Physician Bills Meeting 125%-of-Contract-Rate Threshold, For Top 4 Detailed BETOS Categories

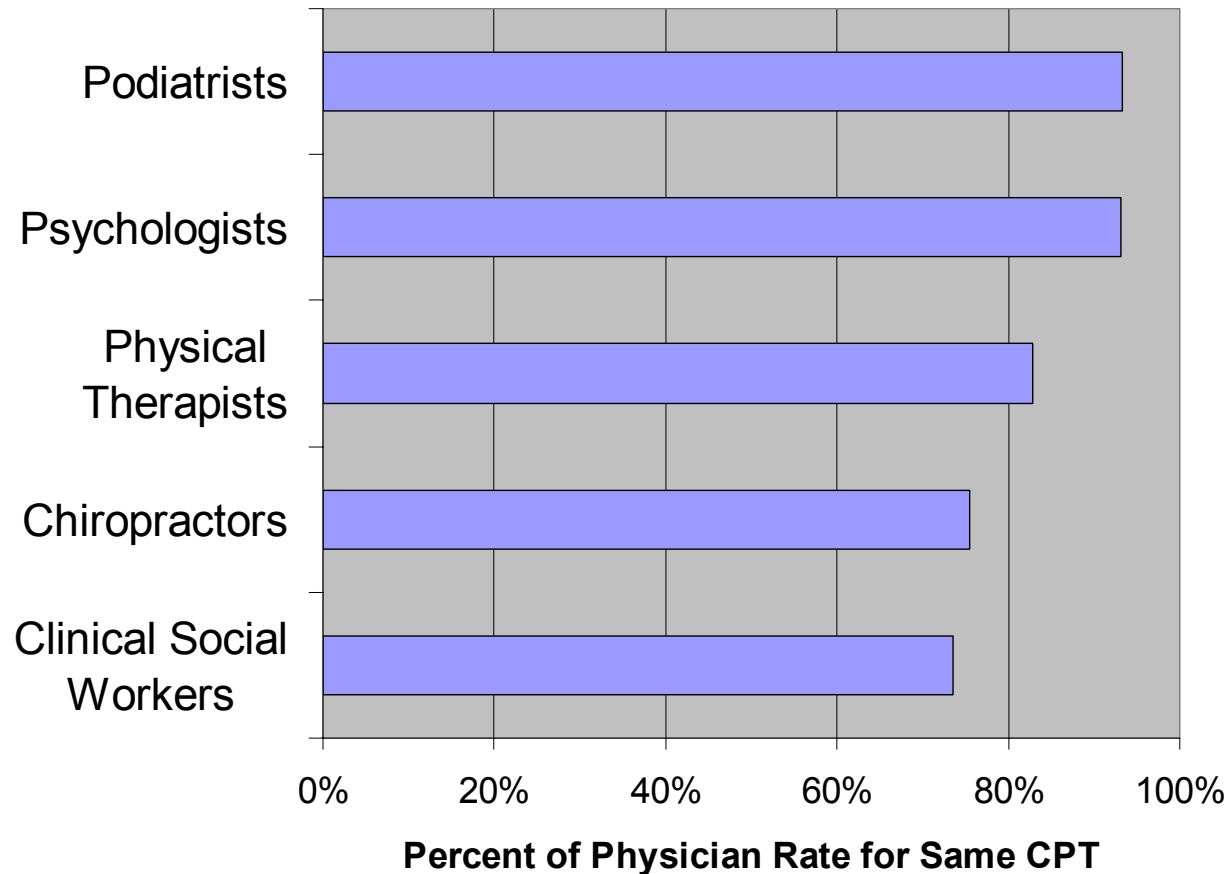


Payment Rates for Non-Physician Practitioners

- Non-physician rates are typically lower
- Some proposed legislation would require equal payment for some providers
- What are typical physician-nonphysician payment differences?
- Look at 4 top codes for each specialty

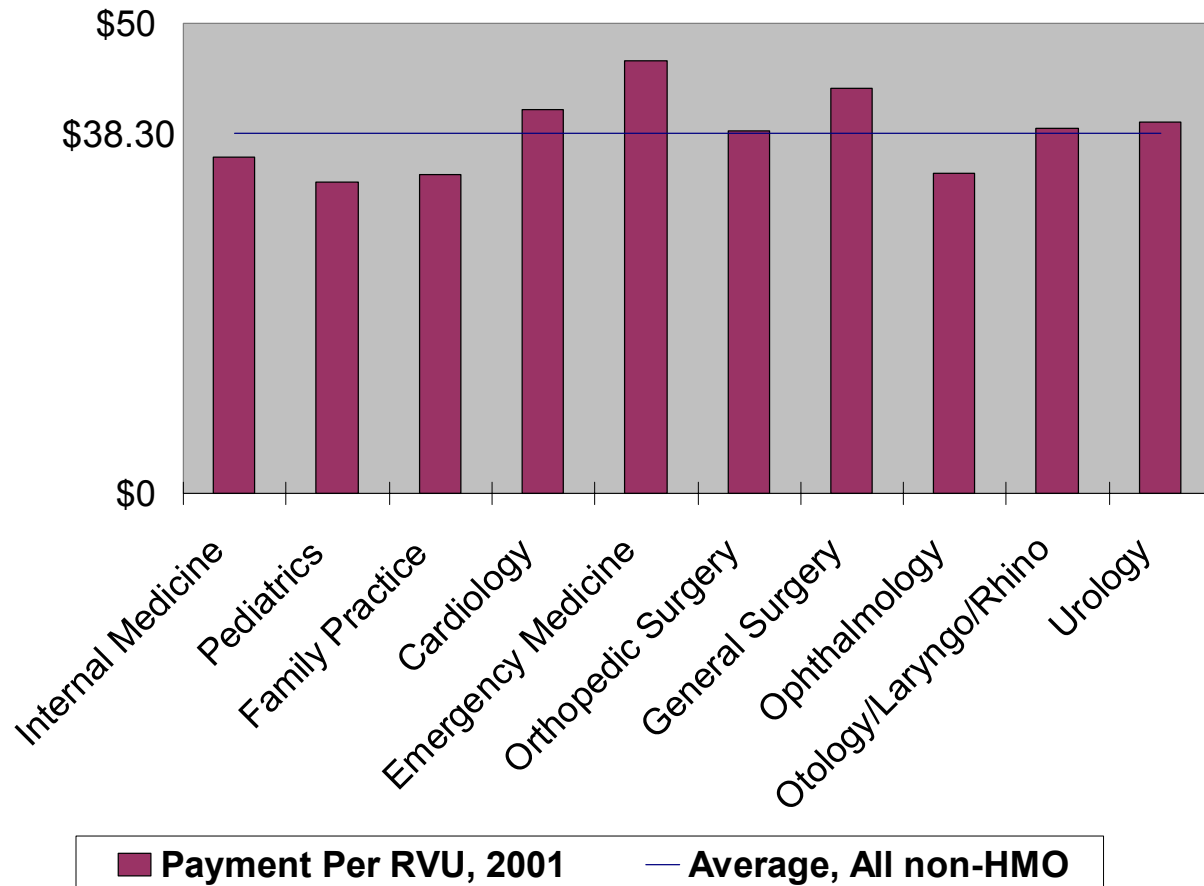
Non-Physicians Typically Paid Less Than Physicians

Non-Physician \$/RVU as % of Physician \$/RVU, Non-HMO Plans Only, Average of Four Most Frequent Procedures In Specialty, 2001



Payment Per RVU Varies by Physician Specialty

(Top 5 Medical and Top 5 Surgical Specialties, non-HMO Plans, 2001)



Caveats

- Limitations of claims and encounter data
 - Not all persons or services included
 - Changes in data completeness affect trends
 - Claims data are always imprecise
 - Payment/RVU does not include capitated care

Conclusions: 2000-2001

- 2001 spending increase was broad-based
- Fee (price) increases played no part
- Average private fees essentially unchanged since 1999
- Average private fees 2% below Medicare in 2001
- HMO fees slightly lower than non-HMO
- Private fees lowest for office visits (versus Medicare)
- HMO compliance with 125% threshold appeared to rise
- Non-physician “discount” 10-30%, varies by specialty
- Of top physician specialties:
 - Emergency medicine had highest \$/RVU
 - Pediatrics had lowest \$/RVU